

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.
The Clerk read the statement.

AMENDING DISTRICT OF COLUMBIA STADIUM ACT OF 1957

The SPEAKER laid before the House the following request from the Senate:

Ordered. That the Secretary of the Senate request the House of Representatives to return to the Senate the bill (H.R. 8392) entitled "An act to amend the District of Columbia Stadium Act of 1957 with respect to motor-vehicle parking areas, and for other purposes," together with accompanying papers.

The SPEAKER. The question is on agreeing to the request of the Senate.

Mr. GROSS. Mr. Speaker, is that subject to a reservation of any kind?

The SPEAKER. It is a privileged matter. It is a request of the Senate to return a bill.

Mr. GROSS. If I may ask, Mr. Speaker, is that the so-called stadium bill?

The SPEAKER. The Chair understands it is.

Mr. GROSS. It is not the prerogative of the gentleman from Iowa to object to recall of the papers?

The SPEAKER. It is a matter for the House to decide by vote. The question is on agreeing to the request of the Senate.

The question was taken; and the Speaker announced that the ayes had it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-nine Members are present, a quorum.

So the request of the Senate was granted.

WITHHOLDING ON COMPENSATION OF FEDERAL EMPLOYEES FOR STATE INCOME TAX PURPOSES

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2282) to amend the act of July 17, 1952.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. PATMAN. Mr. Speaker, reserving the right to object, will the gentleman please explain the bill?

Mr. MILLS. Mr. Speaker, I should be glad to.

Mr. Speaker, in the form in which it passed the Senate, and in the form in which it is currently before the House, 2282 forbids any department or agency of the United States from accepting compensation from any State or Territory for services rendered in withholding State or territorial income taxes from the salaries of employees of such department or agency. The amendment which would be made by the bill will take effect as of April 1, 1959.

Mr. Speaker, this legislation has become necessary because the State of Massachusetts' newly enacted withholding tax law provides for compensation to employers who withhold from their employees. The United States does not pay compensation for withholding, either to the States or to private employers. Moreover, the United States now withholds for 20 States and territories and does not receive compensation from any of them. Federal agencies have begun to withhold Massachusetts income taxes, and at the present time they are holding the compensation to which they are entitled under the Massachusetts law in suspense accounts. The Treasury feels strongly that no compensation should be accepted from Massachusetts, and enactment of this bill will make it possible for the Federal Government to pay these sums over to the State of Massachusetts.

This bill has been unanimously agreed to by the Committee on Ways and Means.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TRINITY POWER

(Mr. THOMSON of Wyoming asked and was given permission to address the House for 2 minutes and to revise and extend his remarks.)

Mr. THOMSON of Wyoming. Mr. Speaker, I very much regret that the time allotted to debate on the second public works appropriation bill considered by the House on September 8, 1959, did not permit the gentleman from California [Mr. Moss] to actually present his statement in defense of the all-Federal construction of Trinity power facilities, and that under this situation it was inserted in the Record under general leave of the Members for extension of remarks.

In his remarks thus inserted in the Record, the gentleman from California [Mr. Moss] stated:

The gentleman from Wyoming is completely mistaken in his contention that it would save taxpayers' money if the Trinity power facilities were built as a partnership project.

And further states:

It is regrettable that the gentleman from Wyoming has been misinformed about the Pacific Gas & Electric partnership deal. Far from saving the Federal Government money, it would be bad business for Uncle Sam.

If the gentleman from California could have obtained the time to have actually presented his statement and it could have been fully debated, it would have been quite clear that it is he who is mistaken and has been given misinformation, not the gentleman from Wyoming.

In the last Congress, I served as a member of the House Interior and In-

sular Affairs Committee, and attended all of the days and days of hearings which were held on the Trinity partnership proposal in January and February of 1958, at which hearings both the proponents and the opponents were heard. The statements which I made were based upon those hearings, and on the basis of the hearings there is no doubt but that the all-Federal construction of the Trinity power facilities, rather than the acceptance of the partnership proposal, will cost the reclamation fund, the taxpayers of the country, and, I might add, the taxpayers of California, hundreds of millions of dollars, just as I have previously set forth.

I further regret that the adjournment of Congress does not allow time for this to be debated in this session, although I point out that the points with which the gentleman from California takes issue were presented in full on the floor of the House on September 4, 1959.

The statement inserted by the gentleman from California on September 8 does not contain any significant new material, for most of it is included in his statement filed with the House Committee on Interior and Insular Affairs on February 10, 1958, as appearing at page 132 of the hearings on joint development proposals for Trinity power facilities. Here again, under the procedure followed, the assertions made were not open to interrogation and cross-examination.

It is most regrettable that the Trinity partnership proposal has never been brought to the House floor for consideration on its merits, but I believe that this will be remedied early in the next session. I will welcome the opportunity to submit the statements which I have made to the test of full debate.

The gentleman from California mentions the San Luis project. That is now pending consideration. When it is considered, I am confident that the Trinity power partnership proposals will come in for full discussion. I am quite confident that an amendment will be offered to provide for the partnership development. As a matter of fact, if this is not done, it is difficult for me to see how the San Luis project, with an expenditure of \$305 million, can be justified.

I would point this fact out to the Executive as a very good reason for withholding action to initiate the all-Federal development of the power facilities. This is particularly true when, as has been shown, it would not result in any measurable delay in the eventual completion of the facilities. I would say to the gentleman from California that at that time, we can really go into the merits of the argument.

In meantime, though, I believe that the record should be set straight as to some obvious misconceptions and misunderstandings contained in the extension of remarks of the gentleman from California above referred to under date of September 8, 1959.

The gentleman suggests that "under partnerships, the P.G. & E. would build the Trinity powerplants, generate the Trinity power, and sell it to the San Luis project at the private utility's rates." This is an argument which the oppo-

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nents to the partnership proposal have used, but there is no basis in fact. Under both the general reclamation law and the Central Valley Project Act, the power needs of the project must be taken care of before any power can be sold to any one. There is plenty of Central Valley Project power available in all events to take care of the needs of the project, including power for pumping. On page 259 of the House hearings of 1958, above referred to, Mr. Head, planning director of the Sacramento region, Bureau of Reclamation, states, "We take care of our pumping load first." There is no basis for the suggestion that project power needs would have to be purchased from P.G. & E. or anyone else, either for the San Luis unit if it is authorized, or any other unit of the Central Valley project.

The gentleman from California also suggests that the partnership would be bad for the Federal Government, because the Federal Government will be a customer for Trinity power to meet increasing power needs of numerous defense installations. This was fully taken into account in the House hearings. The Secretary, in his statement before the House committee, went on to point out that the added cost to Federal agencies would be \$35,832,000, and said, I quote from page 207 of the transcript of the committee hearings:

Even if we deduct these increased Federal agency costs from the net project financial advantage under joint development that net financial advantage to the United States still amounts to \$140 million without San Luis.

It clearly is bad business for the Government to give up \$175 million in project revenues in order to save \$35 million on its power bills. Furthermore, it may well be that all of these power needs of the Federal Government for its defense installations will not develop, or will not continue for the full 50-year period assumed in arriving at the \$35 million figure. In addition, I would like to point out to the gentleman from California that the established policy of the Government as far as power produced from reclamation projects has been much different than he suggests. The revenues from the sale of the power that is excess to the needs of the project have been used to assist reclamation and have gone into either the Reclamation Fund or, in this instance, the Central Valley fund.

In the hearings before the House committee, I brought out on two occasions that the effect of furnishing this power at less than cost to the 12th Naval District, the Atomic Energy Commission at Livermore, and to Ames Laboratory, was to make the appropriation for operation of these defense activities out of the Reclamation Fund or the Central Valley fund, rather than from the general Treasury of the United States. Reclamation should not be expected to bear the burden of this defense expenditure. It is properly chargeable to all of the United States, through the general fund. The importance of this is again borne out by the difficulty that we have in obtaining appropriations for reclamation. In addition, the gentleman fails to

recognize that the Government has lost another \$83 million in Federal taxes, and his State of California has been denied \$62 million more in State and local taxes.

The gentleman from California mentions "Mr. Samuel Morris, an internationally famous engineer," as challenging the figures of the Interior Department in the House committee hearings of January, 1958. I do not question Mr. Morris' reputation or his ability, but the fact remains that he had but a relatively short period of time to develop his figures. The questioning of myself and other members of the committee of Mr. Morris brought out the needs for adjustments in his presentation. After these adjustments are made, the cost of power, according to his computation, is even higher than the 8.9 mills per kilowatt hour shown by the Department of the Interior. With the higher cost, the loss to the Reclamation Fund and the Central Valley Project Fund would be even greater than that estimated by the Department.

The gentleman from California makes the seemingly plausible statement that preference customers are paying 50 percent more per kilowatt-hour than Pacific Gas & Electric Co. pays for Central Valley project power. This point was thoroughly explored in the 1958 hearings. It was shown that the company in fact has been paying 40 percent per kilowatt hour more for firm power than the preference customers of the project pay. In addition, the company has been providing a market for dump power which preference customers cannot use. Naturally, the rate for this non-firm power is lower than the rate for firm power; but if the company had not bought this nonfirm power, it would not have been sold and project revenues would have been substantially less.

Mr. Speaker, I do not criticize the gentleman from California [Mr. Moss] for urging that the Federal Government construct and operate the power facilities of the Trinity project, for it is his hometown of Sacramento that will receive almost all of the benefit of Government-subsidized power, sold to the Sacramento municipal utility district at about 50 percent of cost. The effect of this, though, upon the taxpayers of the Nation is something that should concern the rest of us. Those of us who are interested in the future of reclamation should be particularly concerned.

The adoption of the 1906 amendment to the Reclamation Act established the principle that the revenues from the sale of power would be used to assist reclamation. I repeat that if we depart from this and subscribe to the proposition that such revenues shall be used to subsidize power so that it may be sold at less than cost, to areas that would thereby be given a special advantage over the rest of the Nation, then we have dealt a deathblow to our reclamation program.

With the increased demands for water use, we especially need these revenues for water development. This is particularly true in California. I am pleased that the gentleman from California mentioned the California water plan. It

was brought out in the House hearings that this plan at that time, in January, of 1958, called for 376 new reservoirs to be constructed at a total cost of \$12 billion. At that time, California already had authorized \$650 million of Federal projects yet unconstructed, and if the San Luis unit is authorized, this would be increased by \$305 million, to a total \$955 million. It is in the interest of all of California to see that the power revenues are made available to assist water development, rather than to subsidize power at a price below cost for the Sacramento municipal utility district.

Mr. Speaker, we have just been through a trying experience as to appropriations for reclamation and other water development. It is quite clear that we will continue to be confronted with budget problems in the foreseeable future. I repeat that we should approve the partnership proposal for the Trinity power facilities. If non-Federal interests construct the Trinity power facilities, as the President stated, the taxpayers will be relieved of \$60 million in capital outlay through appropriations. I further repeat that if this is not done, the loss to the reclamation fund—the Central Valley project fund—will be \$175 million over a period of 50 years. Assuming that this would have to be made up by appropriations collected from the taxpayers and adding thereto the loss of Federal taxes over the 50-year period of \$83 million, the total loss to the taxpayers of the Nation would be over \$318 million. Added to this is the loss of \$62 million to the State of California in State and local taxes.

In view of this situation, I sincerely hope that the President will not go forward with the Federal development of the Trinity power facilities until such time as Congress has a further opportunity to consider this. If the authorization of the San Luis unit is considered by this Congress next year, that opportunity will be afforded.

THE HOTTEST THING IN ALUMINUM

(Mr. BOYKIN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. BOYKIN. Mr. Speaker, in Fortune magazine for the month of June 1959 there appears a most interesting article, entitled "The Hottest Thing in Aluminum," also another article entitled "How Reynolds Brought Off Its British Coup."

Reynolds Metals Co., is the second largest aluminum producer in the United States and the third largest in the world. Founded in 1919 by R. S. Reynolds, the firm today is headed by his son, R. S. Reynolds, Jr. His other three sons also direct company affairs: J. Louis Reynolds as chairman of the board of Reynolds International, Inc., William Reynolds as executive vice president in charge of research and development, and David P. Reynolds as executive vice president in charge of sales.

In Sheffield, Ala., Reynolds operates one of the world's largest aluminum complexes.